



Uganda

Country Update

Leveraging international Support Mechanisms to Tackle Climate Change: Views from Ugandan agro-Industries

Provided by



Southern and Eastern African Trade, Information and Negotiations Institute (SEATINI), Uganda
www.seatiniuganda.org

Introduction & Context

For Uganda, the Climate- Development nexus cannot be underestimated given Uganda's dependence on agriculture for food security, employment, trade and livelihood. Agriculture being predominantly rain fed is highly vulnerable to climate variations. The importance of this vulnerability cannot be overemphasized; 80% of Uganda's population is rural and 73% of the working population are employed in agriculture and related activities (MAAIF, 2010). The sector is also responsible for 23% of the country's GDP, a figure that could increase if climate change challenges are tackled. Unfortunately, Uganda's agricultural productivity is featured as one of the lowest in Africa by a Feed the Future (FTF) report, (2010) of the USAID. Over 60% of households in rural areas are net buyers of food meaning that they purchase more food by value than they produce (MAAIF, 2010). And now with climate change, if food production levels do not stabilize, food

shortages and food insecurity are expected to become more acute in the near future. Recent reports for Uganda have also shown that while in the past decades, the frequency of droughts averaged one per decade, in the last decade alone, over seven have been experienced (MWLE, 2007). The erratic swings in seasons have caused an increase in frequency of food and water shortages in the country, with the worst hit area being the dry cattle corridor that stretches from the Uganda-Tanzania border to Karamoja region. Other country surveys have also reported death of livestock from lack of water, migration of traditional pastoralists and herders to neighboring districts or game reserves escalating land conflicts. Climate change has also had an impact on trade as a result of reducing exports. Climate change has also affected Uganda's efforts towards agro-industrialization. There has been a resurgence in Uganda to promote industrialization especially agro processing as a way of increasing incomes at both house hold and national levels, increase employment

opportunities and also promoted increased agricultural production.

Against this background, Uganda submitted its Intended Nationally Determined Contributions (INDCs) which spells out its commitments to emission reduction. Uganda's priority sectors for both adaptation and mitigation include: agriculture and livestock, forestry, infrastructure (with an emphasis on human settlements, social infrastructure and transport), water, wetlands, energy, power supply and health. Disaster risk management is crosscutting for adaptation. Uganda also has in place the national adaptation programme of action together with a national policy of disaster preparedness which seeks to provide a broad policy framework for the harmonization of sectoral and cross-sectoral policy objectives, principles and strategies to enable the establishment an integrated and multi sectoral approach to disaster management.

The cost of implementing the NDCs is really enormous. For example, just the implementation of the climate change policy and strategy will cost approximately 1.2% of the country's Gross Domestic Product (GDP) per annum over the next 15 years, while the total cost of adaptation is estimated at US\$2.4billion over the next 15 years. Although according to the INDC the total costs of the activities in the priority mitigation sectors are uncertain, the upfront capital investment for the renewable energy installations alone has been estimated at US\$ 5.4 billion over the next 10 years.

Uganda, like many developing countries put forward emissions reduction targets that are dependent on international support through technology transfer and cooperation, finance and capacity building. Uganda's NDC states plainly that its ability to cut emissions and to undertake the mitigation and adaptation commitments without external support is

extremely low. That "Uganda's capacity to undertake action is constrained by its national circumstances and development priorities. It has a human development index (HDI) Value of 0.477(compared to the global average of 0.698) and gross domestic product (GDP) per capita of only 1,607 (2011 PPP \$) (compared to the global average of 12,600 (2011 PPP \$))."¹ The NDC maintains that capacity building, technology transfer and finance are the most important needs in Uganda; and that Uganda intends to meet its commitments and/or increase the level of its contribution through the use of international market mechanisms where appropriate, building upon the experience of the Clean Development Mechanism and other existing market mechanisms.

Therefore, Uganda needs to leverage the many existing international support mechanisms in order to implement its commitments under the NDC. There are a number of international support mechanisms within and outside the UNFCCC. These mechanisms are in the areas of climate finance, technology, capacity building, and market and non-market mechanisms among others.

All these mechanisms provide opportunities for Uganda to address the prevalent climate change challenges. However, the challenge facing countries like Uganda is how to effectively leverage these mechanisms.

Stakeholder perspectives

An official from the Ministry of Water and Environment raised the issue of the complexity of the global climate finance architecture as indicated by the many channels and mechanisms. He pointed out that Uganda receives climate change related financing through multilateral channels i.e. World Bank

¹ Uganda's INDCs

and the GEF; and bilateral channels; while some funding goes directly from the donors to the private sector and Civil society organisations. Due to these myriad channels and destinations, it is difficult for government to monitor, report and verify climate financing coming into the country. It is also not clear what constitutes climate financing and there is limited coordination. He also points out that despite the pledges by developed countries to provide climate financing of US\$100 billion per year by 2020, these funds have not materialized since these commitments are voluntary. The provisions within these mechanisms are yet to be understood by government and other actors like the private sector and the civil society. This understanding is the first step to leveraging these mechanisms for Uganda. Regarding technology transfer, the official pointed out that appropriate technology is necessary condition for addressing climate change; and that the INDCs were developed on the anticipated promise of technology transfer and climate financing. However, technology transfer is also facing challenges as this issue is mainly outside the UNFCCC within the Intellectual Property negotiations within the WTO.

Mrs Kimuli Talemwa an agro processor of red pepper and chillis also agrees that information regarding climate change financing is difficult to access. She agreed that she has heard about the COP negotiations but she has not seen or understood the link between these negotiations and the challenges facing her business as a result of climate change. She was not aware of the specific support mechanisms/programmes though she has heard about a number of Civil Society Organisations working on climate change issues. She pointed out that climate change has affected her business greatly as the weather fluctuation also affects the supply of the agriculture products which she uses in her agro processing. She pointed out that during the dry season the agricultural products she gets are of poor quality, are limited in quantity and are very expensive. This is because the farmers have no irrigation facilities

which would have enabled them to produce throughout the year. Her advice to government is that unless smallholder farmers are helped to adapt and mitigate climate change challenges, it will be very difficult for Uganda to grow her nascent agro processing industry. She also requested government and civil society organisation to provide information regarding these financing and technology mechanisms so that they can be of practical use; and also, to provide farmers with appropriate technology.

Mr. W. Bagada is a farmer in Masindi district, about 180 kilometers from Kampala, growing mangoes on 10 acres of land. He is also an agro processors and he packs his mango juice under the Eden Juice Company. He produces processed mango juice which he packs in 500mls and 300mls bottles and sells in the neighboring towns. Climate change has affected his business as the prolonged droughts lead to low yields. During the rainy season, Bagada harvests about 20 boxes each having 50 mangoes, while during the dry season the yield reduces to as low as 10 boxes. This challenge is also translated into his agro processing business which also fluctuates accordingly. Another big challenge resulting from the erratic and harsh dry spells is the flourishing of pests and diseases which attack the mangoes. These include the Powdery Mildew and Anthracnose. These pests are sometimes resistant to pesticides. The rains, when they come are also destructive since there is a lot of wind and hailstones. Mr. Bagada, who has been growing mangoes and processing them for eleven (11) years and one (1) year respectively, has devised a number of adaptation and mitigation measures. He has intercropped *Musizi* trees among the mangoes. This is an indigenous tree which provides shade, act as wind breaker and also fertilizes the soils. He also makes sure that he prunes his mangoes after harvesting to remove excess branches. In order to ensure appropriate disposal of the infected mangoes, he has dug pit holes of about 2 two meters deep. He sprays these pits and also covers them up. Mr.

Bagada has also constructed an underground tank where he keeps water he harvests from the rain. He uses this water to irrigate his mangoes. These measures have greatly improved and stabilized his yields despite the weather fluctuations. Mr. Bagada is not aware of any international support mechanisms /programmes that can assist people like him to cope with the climate change challenges. While participating in a workshop organized by SEATINI he heard about climate change and its linkages to agriculture production and agro processing. However, these workshops did not discuss any support mechanisms. His proposal is that government should put this information in the public domain. Affected people like him should be consulted on how to design these mechanisms in order to make them respond to the actual challenges on the ground. For Bagada, in terms of production, the support he needs is to be assisted with simple, affordable and appropriate technology such as for irrigation and for water harvesting. Regarding agro processing, he needs technology such as a pulp machine to peel and extract the juice from the mangoes, a pasteurizer machine to prepare the juice and an extractor machine. At the moment, he uses fire wood to boil the juice and he manually peels the mangoes. This method affects further the environment. He also needs a freezer to store his pulp especially during the bumper harvest which can assist him to use during the dry spells. Mr. Bagada says that these machines are very expensive for the small scale agro processors. For example, the cost of a small Pulp Machine is about 12 million Uganda shillings (US\$ 3529); while a pasteurizer machine is about 40 million Uganda shillings (US\$ 11764). All these machines will require electricity. Mr. Bagada also recommends that the support Mechanisms addresses the issue of affordable solar driers which agro processors can use to scale up drying of fruits and vegetables for the domestic and export markets. At the moment, a small solar drier cost about USS\$ 300; which is unaffordable by many small agro processor. Mr. Bagada's other challenge is access to

affordable finance. At the moment, the interest rates on loans range 25% - 50% which does not make business sense. Regarding capacity building Bagada requested for support in learning new ways of how his production and processing can mitigate and adapt to climate change. That there should be training and experience sharing meetings to allow for knowledge sharing.

General recommendations & Ways forward

At the national level, the Ministry of Water and environment should strengthen its coordination of the climate change unit in order to be able to identify capacity gaps in the areas of financing, technology transfer and capacity building. The unit should be able monitor, report and verify climate financing and technology transfer. This unit should also coordinate Uganda's position in the UNFCCC negotiations.

The negotiators in the UNFCCC/ COP 22 should bear in mind that the Paris Agreement is now ready for implementation after the ratification. Operationalization of the Paris Agreement will first of all require a clear understanding of the provisions of the agreement.

The UNFCCC negotiators and the Ministry of Water and environment should unravel existing international support mechanisms especially those targeting LDCs in order to clearly understand their provisions and the entry points. This information should then be communicated to the relevant stakeholders. The UNFCCC and the Ministry officials would request for assistance to be able to carry out this critical task.

Implementing the agreement will require financing, capacity building and technology transfer. The UNFCCC negotiators should

ensure that the developed countries deliver on their promises. They should ensure that the financing mechanism are adequately funded, are transparent, predictable, accessible and country owned.

Since Intellectual Property Rights (IPRs) remain a sticking point in the debate around technology development and transfer, the UNFCCC negotiators should link up with the WTO negotiators to ensure that technology transfer is effected as promised under the technology mechanism. The WTO negotiations, should put on the table for discussion issues of open licensing mechanisms such as 'patent pools', open access, patent information databases, ...in order to facilitate technology transfer.

In order to effectively implement the Paris agreement, government will have to bring on board other key stakeholders such as private sector, civil society, small holder farmers, the academia and the media. This will require careful and sustained planning and engagement. The negotiators should negotiate for funding to ensure that this happens to ensure that the Paris agreement and all the many support mechanisms therein are beneficial to the people of Uganda.

References

1. The National Policy for disaster preparedness and management.
2. https://www.wri.org/sites/default/files/wri13_monitoringclimate_final_web.pdf
3. The Paris Agreement
4. The Uganda's intended nationally determined contribution (INDCs) 2015
5. https://www.feedthefuture.gov/sites/.../feed_the_future_progress_report.



CUTS International, Geneva

CUTS International, Geneva is a non-profit NGO that catalyses the pro-trade, pro-equity voices of the Global South in international trade and development debates in Geneva. We and our sister CUTS organizations in India, Kenya, Zambia, Vietnam, and Ghana have made our footprints in the realm of economic governance across the developing world.

© 2016. CUTS International, Geneva.

This country update note is authored by SEATINI, Uganda. CUTS' country updates aim to inform negotiators and policy makers about stakeholders' perspectives on the ground related to a particular issue. Readers are encouraged to quote or reproduce material from this paper for their own use, provided due acknowledgement of the source is made.

37-39, Rue de Vermont, 1202 Geneva, Switzerland
geneva@cuts.org • www.cuts-geneva.org
Ph: +41 (0) 22 734 60 80 | Fax:+41 (0) 22 734 39 14 | Skype: cuts.grc

PROMOTING AGRICULTURE, CLIMATE AND TRADE LINKAGES IN THE EAST AFRICAN COMMUNITY – PHASE 2
The PACT EAC2 project builds capacities of East African stakeholders for climate-aware, trade-driven and food security-enhancing agro-processing in their region. Web: www.cuts-geneva.org/pactec2



The PACT EAC2 project is undertaken with funding support from the Swedish International Development Cooperation Agency (Sida).